Article

EID

Economic and Industrial Democracy
1–16

DOI: 10.1177/0143831X11424768
eid.sagepub.com

Employee turnover, HRM and institutional contexts

Richard Croucher
Middlesex University Business School, UK

Geoff Wood
University of Sheffield, UK

Chris Brewster
University of Reading Business School, UK

Michael Brookes
Middlesex University Business School, UK

Abstract

Literature on comparative capitalism remains divided between approaches founded on stylized case study evidence and descriptions of broad trends, and those that focus on macro data. In contrast, this study explores the relevance of Amable's approach to understanding differences in employment relations practice, based on firm-level micro data. The article examines employee–employer interdependence (including turnover rates) in different categories of economy as classified by Amable. The findings confirm that exit – whether forced or voluntary – remains more common in market-based economies than in their continental counterparts and that institutionalized employee voice is an important variable in reducing turnover. However, there is as much diversity within the different country categories as between them, and across continental Europe. In Denmark's case, high turnover is combined with high unionization, showing the effects of a 'flexicurity' strategy. While employee voice may be stronger in Scandinavia, interdependence is weaker than in continental Europe.

Keywords

comparative capitalism, employee turnover, Europe, unions

Corresponding author:
Richard Croucher, Middlesex University Business School, The Burroughs, Hendon, London NW4 4BT, UK.
Email: r.croucher@mdx.ac.uk

Introduction

The early literature on comparative capitalism drew a distinction between two archetypes of developed economies, liberal or stakeholder-orientated market economies and coordinated or stakeholder-orientated ones (Dore, 2000; Hall and Soskice, 2001). Limitations to this literature included the conflation of many different types of Asian and continental European capitalism, and a lack of attention to Mediterranean and Far Eastern economies (Amable, 2003; Hancké et al., 2007). A further limitation was the limited empirical foundations: much of this work was based on evidence from stylized case studies and broad brush stroke accounts of differences in the competitiveness of different sectors (see Lane and Wood, 2009). In contrast, Amable (2003) identified five different types of capitalism. These archetypes are founded on a greater range of empirical evidence, ranging from unions and bargaining coverage to social spending and accounting standards. More broadly speaking, Amable (2003) bases his distinctions on macro evidence. In contrast, this study explores firm-level survey evidence, and evaluates the relevance of Amable's approach to understanding differences in employee turnover rates according to his categories of European economy. Rather than exploring national variations in voice, we explore variations in exit and the potential causes thereof.

Employee external turnover, whereby employees leave an employer, has long been a subject of considerable concern both for practitioners and HRM (human resource management) academics; overly high or low turnover rates are both negative for firm efficiency and profitability. High turnover rates reflect a lack of commitment by one or both parties; whether voluntary or forced by the organization, high exit rates by employees may create a self-reinforcing cycle. Although the longer-term consequences of high turnover have been little studied, its immediately harmful effects and high costs have recently been confirmed (Davidson et al., 2010). More specifically, an environment of weak security of tenure mitigates against the development of firm-specific human capital; a general climate of insecurity will result in employees focusing on developing their externally marketable rather than internally relevant skills and knowledge (Harcourt and Wood, 2007). Indirect costs include lost production, reduced performance within teams, additional overtime and intangible loss of morale among those employees remaining (see Harcourt and Wood, 2007). High recruitment costs, especially for very skilled workers who might have to be lured by time-consuming processes from other employers, may be especially burdensome for employers. In some industries the long period of induction required for new employees to acquire firm-specific training and become proficient in their roles can also constitute a major problem (Iverson, 1999). Moreover, exit (as opposed to voice) is an inherently inefficient mechanism for employees to express dissatisfaction. Employers may not know the real reason why employees choose to leave; no matter how extensive exit interview processes are, employees may have their own reasons for giving incomplete or misleading information. Meanwhile, employees themselves face inevitable transaction costs in switching jobs.

It is a priori evident that organizational-level collective relations will influence employee exit decisions. As Hirschman (1970) points out, the alternative to exit is voice; should the latter not be feasible or be weak, then the former represents the only option for dissatisfied employees.

Collective voice is, in most instances, inherently very much stronger than individual voice. First, it is harder to disregard or effectively victimize many rather than a few (Harcourt et al., 2004). Second, it brings the possibility of collective mobilization to redress issues in employees' favour (Kelly, 1998). Hence, in contexts where institutionalized collective voice (trade unions and works councils) is stronger, the need for exit will be very much lower. The strength of collective voice may be affected by strategic choices by unions, but also by the rights of workers under national law, and embedded informal norms, rights and conventions (Marsden, 1999). We therefore regard institutionalized collective voice as subject to various influences but also as likely to reduce turnover.

There is an emerging literature on the relative extent of employee voice in different capitalist archetypes, based on firm-level micro evidence (Brewster et al., 2007a; Goergen et al., 2009). In contrast, we focus here on relative propensity to exit, and other indicators of collaboration. The use of firm-level survey/micro evidence enables more detailed insights to be gained as to the relationship between context on the one hand, and broad firm-level HR policies and practices and staff turnover on the other.

We proceed as follows. In the following section, we argue that models of turnover should take account of different approaches to HRM and institutional environments, and the extent to which these encourage employer–employee interdependence (Whitley, 1999). Next, we develop a two-part hypothesis derived from the literature on varieties of capitalism, testing them by use of an extensive organizational-level survey of HRM practices. Finally, we draw conclusions, confirming that different systems do indeed play a major role in determining levels of labour turnover but also showing both the diversity existing within the different archetypes and the importance of varying types of firm practice.

Employee turnover, forms of HRM and employer–employee interdependence

Recent research interventions on turnover have emphasized the significance of social interactions within the firm. Social exchange theory, although limited in its sphere of application, stresses the importance of social factors in the workplace, such as affective attachments and feelings of group cohesion and solidarity (Taylor and Pillemer, 2009). Akerlof (1982), operating within an economic perspective, demonstrated the importance of exceptional employer behaviours in reducing employee turnover and raising efficiency. Certain employers may establish a 'gift relationship' with employees by providing them with exceptional benefits that exceed those of their external reference groups. This in turn brings a response from employees, who in return make their 'gift' of greater effort and loyalty to the employer. Interpreted within a broader Weberian perspective, the 'gift relationship' may also be a way of creating a community or *Gemeinschaft* at the workplace by reference to external 'normal' conditions.

Gooderham et al. (1999) identified two principal ways of working within the HRM paradigm: 'calculative' and 'collaborative' HRM. The former stresses the individual and seeks to motivate employees primarily by using contingent individualized pay systems and monitoring (including appraisal) as suggested by the neoclassical economic model and is most likely to be found in Anglo-Saxon economies. The collaborative approach, on the other hand, does not emphasize individualized rewards and overall sends employees the message that they are part of a community dedicated to a common goal. Communication strategies, most likely to be found in continental European systems, were therefore at the centre of the approach. In other words, firms with collaborative HRM are more centred on promoting communication as a means for greater organizational effectiveness, while firms with a calculative approach see employees as a disposable resource, with voluntary or forced exit the desirable mechanism for dealing with the business cycle or the dissatisfied.

The closely related distinction between hard and soft HRM is a common one in HRM literature and largely reflects different approaches to employee representation and worker collectives (Storey, 2007). However, the list of items in Gooderham's scale does not reflect this and is restricted compared to other strands of the literature (Collings and Wood, 2009; Rizov and Croucher, 2009; Storey, 2007) that have included further important measures of collaborative relations. One of the most important of these is the relative strength of collective voice, rather than individually orientated consultation as an indicator of genuine collaboration. A second is the use of group working practices. However, related to voice is exit. Strong voice mechanisms for employees may develop employer–employee interdependence by promoting the view that problems can be solved within the enterprise, without recourse to exit (Brewster et al., 2007b; Whitley, 1999). Conversely, an inability to impact on employment and work relations is likely to erode organizational commitment and hence encourage higher staff turnover rates; if voice is unfeasible, then exit is likely to become more prevalent (Harcourt and Wood, 2007; Storey, 2007).

Collaborative relations are also in evidence if, through greater security of tenure, the workplace is conducive to human capital development; workers have a greater incentive to develop firm-specific skills if they know they will be staying with the firm for a considerable period of time (Harcourt and Wood, 2007). In turn, collaborative relationships are associated with high levels of managerial trust in employees and therefore a tendency to delegate control over the productive process to workers and to collectives (Whitley, 1999). This also reduces the need for costly employee monitoring systems (Rizov and Croucher, 2009), reflecting complementarities between specific sets of rules and practices.

While insecure tenure and a ready recourse to redundancies can reflect unforeseen external pressures, firms that make use of such 'harder' measures for adjusting workforce sizes are also more likely to treat human capabilities as a readily dispensable and substitutable resource (Redman and Wilkinson, 2006). Turnover rates may themselves directly reflect the use of redundancies, since they represent forced exit. However, turnover rates also represent the outcome of real choices by employees, who believe that their futures are better advanced externally rather than within the firm.

The situation is summarized in Table 1.

Comparative capitalism, voice and exit

A large body of the literature on comparative capitalism suggests that there is likely to be a close relationship between national systems, HRM practice and the extent to which organizations and employees are committed to each other (Dore, 2000; Hall and Soskice, 2001). The relationship is both a direct and an indirect one; not only are individual employment rights likely be stronger under the law and convention in more collaboratively

Table 1. Delegation and interdependence

Delegation	Interdependence
+	+
1. Devolved control over productive processes.	1. Low staff turnover rates
2. Collective voice mechanisms • Works councils • Collective bargaining	
–	–
1. Close monitoring of performance • Appraisals • Contingent pay	1. High staff turnover rates • Forced forms of workplace restructuring (e.g. redundancies, early retirement) • Voluntary choices by employees

From: Amable, 2003; Brewster et al., 2007b; Whitley, 1999.

oriented economies, but so are collective rights. In turn, collective voice rights and mechanisms are likely to deter firms from treating employees simply as a disposable asset, and provide employees with more viable alternatives to exit (Harcourt et al., 2004; Hirschman, 1970).

We adopt Amable's (2003) more differentiated categorization of countries, rather than the dichotomous approaches favoured by the early literature on comparative capitalism, focusing on three of Amable's archetypes: market-based, continental and social democratic.

Continental European and social democratic economies (the latter based in Scandinavia) share certain core features. Both are associated with greater degrees of collaboration with employees in setting policies and practices regarding the social organization of work, higher degrees of employment security and an emphasis on longer-term relationships between companies, customers, suppliers and employees (Amable, 2003; Brookes et al., 2005). These are likely to reduce the attractiveness of turnover as an employee option by, inter alia, encouraging a long-term of view of the employment relationship and affective membership of the firm perceived as a community. Continental and social democratic economies also tend to have more influential national labour movements. These combine with in-company employee representative arrangements to ensure effective regulation. For example, in the German case, paradigmatic for the continental model, a combination of trade unions external to the firm operates in tandem with internal works councils. In this system, trade unions tend to externalize major conflict from the firm itself, by conducting key negotiations on pay at industry level. Consequently, they organize work stoppages to exert pressure on employers at multi-employer level, allowing workplace representatives to ascribe conflict to the industry's employers in general. Thus, relations at firm level may remain cooperative despite major industrial conflict. Meanwhile, minor issues inside the firm are dealt with by strong legally supported works councils (Schröder and Wessels, 2003). All employees are entitled to such representation, which may be initiated on employee request (Schröder and Wessels, 2003). In this way, employee voice is, within the continental model, institutionalized as comprehensive for all employees and the exit option made less attractive. Significantly for our discussion, continental economies also have strong inter-employer links through employers' associations and industry-wide pay bargaining that tend by standardizing pay to reduce incentives for employees to move employer within given industries. In market-based economies, by contrast, pay is normally bargained at company level, potentially generating firm-based conflict and allowing for much stronger inter-company competition for labour (Whitley, 1999).

The social democratic system is associated with particularly strong trade unions, underpinned by their current or historic associations with the administration of unemployment benefits. These benefits remain relatively high when compared to all other forms of capitalism, but are combined with only moderate levels of employment protection, mitigated through ready access to training to ensure individuals have access to skills that will make for security in being able to secure jobs, with a broader emphasis on labour market flexibility (Amable, 2003). Thus, different factors operate in contrary directions in relation to turnover: while strong unions promote voice, other parts of the system encourage turnover. It is not therefore entirely clear how the model will perform when compared to the market-based and continental variants.

These systems have undoubtedly experienced external pressure to change. Firms operating within continental economies have been faced with demands for greater cost cutting in the face of intensified international competition, while elites seem increasingly willing to challenge long-standing social compromises, raising the question as to whether national institutional features remain distinctive (Boyer, 2006; Lane, 2000; Streeck and Thelen, 2005). Arguably, the power of national institutions to influence firm-level practices can be overstated. In Germany, for example, the uneven institutional coverage (reflected in the 'co-determination free zone' for example) has made for a degree of internal systemic diversity (Allen, 2004: 89). Similarly, the tendency for firms to try to escape strong labour market regulation has, as we remarked above, resulted in the externalization of much employment.

Hypotheses

Following our discussion in the previous section, two hypotheses are explored. The earlier section clearly leads to the conclusion that firms in continental and social democratic economies operate within an environment more conducive to developing collaborative relationships between employers and employees. Firms operating within them are more likely to pursue policies that encourage such approaches. Consequently, there will be stronger commitment from both sides. Hence:

> *H1:* Firms operating in non-market-based systems will have lower turnover rates than those in market-based systems.

Somewhat more difficult to predict is the relationship between continental European and the Scandinavian social democratic economies. On the one hand, in Scandinavia relatively strong unions and systemically embedded employee representation mechanisms are likely to make for relatively strong employee voice, embedding viable alternatives to exit. On the other hand, weaker employment protection under the law makes it easier for firms in the Scandinavian social democracies to adjust workforce sizes downwards for operational reasons, and, indeed, to eject workers for poor performance. Hence:

H2: Employment turnover is likely to be higher in the social democratic countries of Scandinavia, despite strong firm-level employee voice.

Method

Our data are extracted from the most recent presently available Cranet dataset, an international firm-level survey of HRM practices conducted at regular intervals since 1989 across a large number of countries by a well-established international HRM research network. The latest round of the survey, from which our data are drawn, was conducted in 2009–10, and represents the best data available on HRM practices at firm level in Europe. An alternative exists in the form of the European Industrial Relations Observatory's surveys for 2004 and 2009. However, these data are not oriented primarily on HRM practices, but more on issues of quality of working life, social dialogue and other issues of concern to the European Union. They are therefore less suitable for our purposes than the Cranet data. Cranet data nevertheless pose one issue. Since large firms are over-represented in the dataset, we control for size effects in our analysis. We expect larger firms to experience higher rates of turnover due to the difficulties posed in making employees feel an attachment to a larger organization.

The Cranet survey is administered as follows. The most senior HRM manager in each firm is asked a comprehensive set of questions about the firm and its HRM practices, which are determined by the network (Tregaskis et al., 2004). These questions are translated into the relevant language and then back-translated into English to confirm their validity. The questionnaire is administered by post. Full technical details of the survey are provided in Tregaskis et al. (2004).

The allocation of specific countries to country groupings is recognized by all operating within an institutionalist paradigm to be problematic. In our case, we adopt a categorization that largely follows Amable's groupings, but where economies occupy an ambiguous position we allocate them according to the level of unionization and employer organization in companies operating within their borders. We do so because those factors appear, as we argued above, especially relevant to the level of turnover. We use the UK and USA to represent market-based economies, both of which have low rates of unionization and employer organization in their private sectors; our subsequent results confirmed the relevance of this categorization. We use Germany, the Netherlands, Belgium, Austria and Slovenia to represent the continental economies (all of which have moderate to high levels of unionization and employer organization in their private sectors). Denmark, Sweden and Norway are taken to represent the social democratic economies (all have high levels of unionization and employer organization in their private sectors). While Norway is categorized by Amable as a continental economy, it has relatively high union density and organized employers when compared to Germany. Amable also recognizes its ambiguous position and we allocate it to the social democratic grouping on the grounds that it has a relatively high level of unionization and union influence more widely. Indeed, its labour market and welfare net more closely resemble other Scandinavian economies. Significantly, Norway has, as is the case with Denmark, experimented with 'flexicurity' policies. Table 2 lists the countries encompassed by the study.

Table 2. List of countries

Country	Observations	Mean no. of employees per firm
UK	100	1080
US	329	5220
Denmark	243	3821
Norway	89	665
Sweden	185	1688
Austria	135	1907
Germany	257	3322
Netherlands	77	477
Belgium	109	2785
Slovenia	173	564
Total	1697	2755

Analysis

For the purpose of the empirical analysis, average annual staff turnover is estimated as a function of size, sector, industry and variety of capitalism as well as a number of variables indicating the presence of policies likely to promote or discourage collaborative practices. The size of the organization, which may also be relevant to the level of turnover, is measured by the number of employees.

Dummy variables are included to control for differences in sector, industry and economy type, with the reference category being a domestically owned, private sector metal manufacturing company located in a market-based economy. Sector is included since it is likely that the nature of the relationship between employers and employees will differ between sectors (Brewster et al., 2007a). It is also likely that public sector organizations will be more collaboratively focused. However, the emphasis in most developed nations over the last 20 or 30 years on increasing public sector accountability and cost effectiveness may have blurred the distinction between the public and private sectors (Ferner, 2002). It is also important to control for inter-industry differences since the turnover rate is likely to be altered by specific types of production processes within an industry, the type of labour input into those processes and the quality of work (see Boyer and Hollingsworth, 1997; Harcourt and Wood, 2007). Therefore, 15 industry dummies, taken from the European Union NACE categories, are included.

Variables are also included as indicators of the firm's commitment to developing more collaborative approaches, as well as a reflection of the extent of interdependence between employers and employees (Whitley, 1999). A probabilistic scale for performance appraisal, reflecting the coverage of appraisals across different categories of employees within the firm, is included as an explanatory variable along with a dummy indicating that the firm has made use of outsourcing in the last three years. The premise here is that reliance upon either of these policies reflects more calculative HR practices, and that therefore their use is likely to increase the staff turnover rate.

Dummy variables are included for firms making use of a recruitment freeze, redeployment or outsourcing (but not redundancies) as well as for those having a joint consultative committee or works council and/or collective bargaining over pay above the establishment level, i.e. at the national, regional or company level. The expectation is that each of these is likely to foster a stronger relationship between the firm and its employees. The proportion of employees who are members of a trade union is also included as an explanatory variable. It is anticipated that firms with a greater proportion of union members are likely to have lower turnover because of the greater voice possibilities. Table 3 summarizes the variables and their definitions.

Table 3. Variables and definitions

Variable name	Variable definition
Size	Natural log of number of employees in organization
Public/private sector	Public sector organization (1 = yes, 0 = no)
Industrial sector	Fifteen industry dummies, as listed below, with metal manufacturing as the reference category
Economies	Dummy variables identifying different economies:
Liberal market economies	when they are grouped by economy type the
Scandinavian	liberal market economies are the reference
Continental	category and when the countries are entered
UK	individually the USA is taken as the base group
Denmark	
Norway	
Sweden	
Austria	
Germany	
Netherlands	
Belgium	
Slovenia	
USA	
Collaborative factors	
Performance appraisal scale	Probabilistic Mokken scale reflecting the use of performance appraisals and the different types of employees covered
Outsourcing	Outsourcing used to lower staff nos in last 3 years
Recruitment freeze	Recruitment freeze during last 3 years
Redeployment	Redeployment used to lower staff nos in last 3 years
Collective bargaining	Collective bargaining over pay takes place
JCC/works council	A JCC or works council is present.
% Trade union members	The % of employees who are union members
Dependent variable	The annual turnover rate expressed as a % of the
Turnover	total workforce

Table 4. Descriptive statistics of key variables

	Total		LME		Scandinavian		Continental	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Dependent variable								
% Annual staff turnover	9.4	8.65	11.95	9.36	7.11	7.43	10.62	8.87
Collaborative factors								
Performance appraisal scale	58.28	39.82	79.22	26.29	60.73	38.4	37.35	41.02
Outsourcing	0.12	0.32	0.11	0.32	0.14	0.35	0.09	0.29
Recruitment freeze	0.23	0.42	0.3	0.46	0.22	0.42	0.19	0.39
Redeployment	0.21	0.41	0.23	0.42	0.2	0.4	0.21	0.41
Collective bargaining	0.79	0.4	0.71	0.45	0.8	0.4	0.85	0.35
JCC/works council	0.67	0.47	0.3	0.46	0.76	0.43	0.85	0.35
% Trade union members	38.41	33.67	13.98	25.19	33.68	30.24	65.56	24.56
Observations	1697		429		751		517	

Findings

Table 4 reports descriptive statistics by economy type for the key variables in the analysis and the stylized facts relating to the types of capitalism are confirmed at least at an observational level. The staff turnover rate is clearly lower in the continental and social democratic types, the prevalence of those factors conducive to interdependence is higher and those not conducive lower.

However, before anything authoritative can be said about differential turnover rates, those differences need to be mediated by the other determining factors. Table 5 records the results from estimating the model of the staff turnover rate outlined in the earlier section by OLS.

The control variables generally have the anticipated impact, with larger firms having higher turnover rates and public sector organizations having lower turnover rates. In addition, there is some evidence of cross-industry differences: a few industries, most notably retail, have significantly higher turnover rates than the metal manufacturing reference category.

Turning to the formal hypotheses, the dummy variable for the continental economies is negative and significant, and once the model is controlled for size, sector and industry, clear differences in the relative turnover rates between these and market-based economies remain in evidence. However, the dummy for social democratic economies is insignificant, suggesting that these types of economy are not too dissimilar from the market-based economy reference category; this is likely to reflect the larger proportion of Scandinavian economies that have adopted flexicurity measures than continental European ones. As a result, our data at this stage provide only partial support for the first hypothesis.

The model is then re-estimated, to further interrogate our second hypothesis, with individual country dummies replacing the variety of capitalism proxies. This is also very informative since it reveals that Denmark is an outlier within the social democratic

Table 5. OLS model of staff turnover rate

Variable	Coeff.	*t*-ratio	Coeff.	*t*-ratio	Mean
Constant	6.628***	6.16	5.850***	5.39	
Size					
Natural log of total employees	0.596***	4.42	0.726***	5.39	6.197
Public/private sector					
Public sector organization	−1.736***	−2.74	−1.237**	−1.98	0.231
Industrial sector					
Agriculture	−0.053	−0.03	−0.482	−0.30	0.015
Energy and water	−1.366	−1.32	−1.313	−1.34	0.043
Chemical products	−0.775	−0.68	−0.762	−0.69	0.034
Building and civil engineering	2.340**	2.18	1.936*	1.83	0.038
Retail and distribution	7.968***	8.02	6.896***	7.12	0.047
Transport and communication	2.281**	2.39	1.632*	1.76	0.052
Banking, finance and insurance	2.038***	2.80	1.376*	1.94	0.111
Personal, domestic and recreational services	4.762**	2.02	4.056*	1.77	0.007
Health services	2.513***	2.42	2.214**	2.18	0.044
Other services	3.687***	3.50	4.023***	3.94	0.042
Education	0.487	0.51	0.263	0.28	0.063
Social services	2.495*	1.71	1.906	1.34	0.020
Public administration	0.428	0.46	0.106	0.12	0.096
Other	2.649***	3.89	2.097***	3.08	0.141
Economies					
Scandinavian	0.728	1.01			0.305
Continental	−4.017***	−6.95			0.443
Denmark			4.854***	5.72	0.143
Norway			−2.367**	−2.22	0.052
Sweden			−0.574	−0.62	0.109
Austria			−1.786*	−1.90	0.079
Germany			−5.990***	−7.84	0.151
Netherlands			−2.304**	−2.22	0.045
Belgium			−2.642***	−2.75	0.064
Slovenia			−1.880**	−2.16	0.102
UK			1.409	1.52	0.059
Collaborative factors					
Performance appraisal scale	0.008	1.55	0.010*	1.80	58.283
Outsourcing	−0.721	−0.10	−0.039	−0.05	0.119
Recruitment freeze	0.533	0.45	0.835	1.22	0.231
Redeployment	−0.264	−0.35	−0.439	−0.61	0.212
Collective bargaining	0.896*	1.78	0.593	1.19	0.794

(Continued)

Table 5. (Continued)

Variable	Coeff.	*t*-ratio	Coeff.	*t*-ratio	Mean
JCC/works council	−1.014**	−1.96	−0.933*	−1.78	0.672
% Trade union members	−0.275***	−3.42	−0.038***	−4.60	38.414
Dependent variable	Turnover		Turnover		
Mean	9.401		9.401		
Standard deviation	8.650		8.650		
Observations	1697		1697		
R^2	0.15		0.21		

grouping. Denmark has clearly had an effect on the collective results; the country is also a relatively advanced example of flexicurity. It has a well-developed and integrated system which links high levels of social security with flexibility, active labour market approaches and involvement of the social partners (Bredgaard et al., 2005). The second hypothesis posits that the continental and social democratic economies will differ and this is supported since the continental economies show less turnover then the social democratic. We also note the significant level of internal variation within the country groupings, which is as important as that between them.

Discussion and conclusion

This article has explored the relationship between a range of capitalist archetypes, and employer–employee interdependence using comparative firm-level survey evidence. The findings broadly correspond to existing literature founded on macro-economic and associated data, confirming the utility of their national-level institutional approach (see Amable, 2003).

A limitation of the research is that it is cross-sectional rather than longitudinal. We therefore have insufficient evidence to conclude that a key defining difference between these forms – commitment between employers and employees – has not been subject to change. The most recent literature on comparative capitalism has emphasized the dynamism of different national archetypes, the non-linear nature of change and the possibilities of internal diversity within and hybridization between systems (Boyer, 2006; Lane and Wood, 2009).

First among the article's findings, we would highlight the central finding that exit – whether forced or voluntary – remains more common in market-based economies than in their continental counterparts. Our hypotheses posited that the three types of capitalism would have different levels of turnover. The survey indeed found a persistent difference between varieties of capitalism, not only in terms of the relatively narrow range of indices identified by Gooderham et al. (1999), but indeed across a wider and complementary range of practices identified by other researchers (Rizov and Croucher, 2009) that would be likely to promote or deter collaborative policies in the workplace, significantly impacting job turnover rates. The social democratic economies showed turnover more akin to that in the market-based economies than to that in their continental counterparts.

Despite high levels of unionization, Denmark shows high levels of turnover. This would reflect the relatively advanced nature of flexicurity in Denmark, and indeed, its proximity to and absorption of aspects of the Norwegian system. This finding resolves the question of which aspects of the social democratic system were most influential in affecting turnover in favour of those promoting *external* flexibility, and highlighting the limitations of dichotomous approaches to capitalist diversity.

Interestingly, while interdependence is lower in the Scandinavian social democracies than in continental Europe, union voice is stronger (see Goergen et al., 2009). This highlights the complex nature of complementarities, and the limitations of approaches that see worker rights as comprising a coherent body of mutually supporting practices. What this study highlights is that workers enjoy different *types* of rights in different settings rather than less or more of the same thing according to context. More specifically, while unions are relatively strong in Scandinavia, in countries such as Denmark their strength has gone hand in hand with weaker job security. In contrast, jobs remain more secure in a number of continental European economies where union membership has declined.

These are in themselves significant findings. For the reasons noted earlier, voice tends to be a more effective mechanism for expressing concerns than exit, and imposes fewer costs on both parties. Whatever the benefits of a high degree of external flexibility, it undermines the possibility of complementarities based on longer-term employer–employee commitment, including the more effective exchange of information through the development of social capital. Moreover, information sharing is in many industries the key to sustained competitive advantage and has been conclusively demonstrated to raise organizational performance (Minbaeva et al., 2003; Nahapiet and Ghoshal, 1998). These studies show how information sharing is linked to the development of social capital in enterprises. While identification of the precise mechanisms involved in the development of social capital remains a collective work in progress for the research community, its development certainly relies on a degree of sociological continuity in the workplace. Hence, we would argue that this aspect of the continued differences between the different forms of capitalism remains important, despite the uneven attention it receives in different strands of the literature on comparative capitalism.

Some interesting results emerged in terms of the specific countries within the categorizations. First, Denmark was a clear outlier in that it showed very different and much higher turnover, which strongly influenced the results in the social democratic category. This tends to lend support to those who have argued that, particularly because of major labour market reforms in recent years, Denmark shares important characteristics with the market-driven model (see, for example, Kvist and Pedersen, 2007). It may be that the strong support for institutional partnership between the various social partners preserves strong safety nets that mitigate a high degree of labour market flexibility. Norway shows results that are very similar to those for Sweden, providing some retrospective justification for our decision to include Norway in the social democratic grouping. Germany, on the other hand, and despite long-standing arguments that it is moving inexorably in a market-based direction (see, for example, Lane, 2000), showed results that were very much at the other end of the spectrum when it comes to security of tenure. If the German model is eroding as many argue that it is, it appears nevertheless to continue to generate considerable employer–employee interdependence, even if voice – and more broadly speaking, delegation – may be weakening (see Whitley, 1999). The contrast with the Austrian case, with which it may sometimes be aggregated in a 'Germanic' category, is marked in our results.

Thus, there are significant differences not only between varieties of capitalism, but also within them, and we found this internal diversity to be at least as important as that between varieties. Clearly no categorization is complete; while Amable's five-archetype model provides a far better explanation than earlier dichotomous approaches, any use of ideal types masks important differences in practices at firm level. At the same time, the fact that the study did not find 'diffuse diversity' within which a very wide range of practices exists within a given archetype, suggests that the categorizations retain some validity.

We found that high union density and the existence of joint consultative committees and works councils both tended to reduce turnover. This lends support to our initial argument that while individual psychological aspects of turnover have their analytic place, the institutional voice framework is also relevant. However, some institutional settings appeared more conducive to promoting delegation and others interdependence. Our finding underlines their continued importance as institutional bulwarks against high levels of turnover.

Funding

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

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Richard Croucher is Professor of Comparative Employment Relations and currently Associate Dean (Research) at Middlesex University Business School. His research interests span employee voice, training and the work of Global Union Federations. His most recent articles appeared in *Industrial and Labor Relations Review*, *Industrial Relations*, *Journal of Contemporary Asia* and *Cambridge Journal of Economics*. His most recent book (with Elizabeth Cotton) is *Global Unions, Global Business* (Libri Publishing, 2009).

Geoffrey Wood is Professor of HRM at the School of Management, University of Sheffield, Honorary Professor of the University of Witwatersrand and Visiting Professor at Nelson Mandela Metropolitan University in South Africa. He has authored/co-authored over 100 peer reviewed journal articles, and authored/edited numerous books, most recently Wood and Lane, *Capitalist Diversity and Diversity within Capitalism*. His current interests centre on the relationship between institutions and specific firm-level practices, and institutional diversity and change.

Chris Brewster is Professor of International Human Resource Management at Henley Business School, University of Reading, UK. He researches international and comparative HRM; and has published over 25 books and more than 150 articles. In 2006 Chris was awarded an Honorary Doctorate by the University of Vaasa, Finland.

Michael Brookes is a Senior Lecturer in Economics at Middlesex University as well as director of the Khanyisa Project, a non-profit partnership seeking to address employability issues in the Eastern Cape of South Africa. His research interests include labour market discrimination, industrial relations and comparative HRM and he has published widely in each of these areas.